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DE RUEHBR #1555 2251927  
ZNR UUUUU ZZH  
P 131927Z AUG 07  
FM AMEMBASSY BRASILIA  
TO RUEHC/SECSTATE WASHDC PRIORITY 9732  
INFO RUEHSO/AMCONSUL SAO PAULO 0606  
RUEHRI/AMCONSUL RIO DE JANEIRO 4932  
RUEHRG/AMCONSUL RECIFE 7040  
RUCPDOG/USDOC WASHDC

UNCLAS BRASILIA 001555

SIPDIS

SENSITIVE

SIPDIS

DEPT FOR EB/EPPD NANCY SMITH-NISSLEY

E.O. 12958: N/A  
TAGS: [AMGT](#) [BEXP](#) [ECON](#) [ELAB](#) [ETRD](#) [KSEP](#) [SENV](#) [BR](#)  
SUBJECT: BRAZIL: RESPONSE TO REQUEST FOR DUE  
DILIGENCE FOR THE SECRETARY OF STATE'S 2007 AWARD  
CORPORATE EXCELLENCE

REF: A. STATE 47222  
[1](#)B. STATE 71180  
[1](#)C. STATE 109403

[1](#)1. (SBU) The below answers are in response to the request for  
information in ref C:

A) Could there possibly be any downside or embarrassment caused by  
the selection of your post's nominee?

--Post has no knowledge of any downside or embarrassment that would  
result from the selection of its nominee.

B) Do you have any information concerning job creation in the United  
States resulting from the operations of the company you nominated?

--Ruralphone employees six direct hire employees in the U.S. and has  
created 50 full-time jobs within four rural communities in Brazil.  
Within the next six months the company anticipates hiring 100  
additional full-time employees (also in rural areas) with the  
anticipated receipt of World Bank funding. Because Ruralphone  
sources some telecom equipment and services from the U.S., the  
company indirectly creates an unknown number of U.S. jobs.

C) What is your assessment of the company's trade and investment  
activities with regard to helping stimulate economic growth in the  
U.S. and increasing American exports (what is the U.S. content of  
its products)?

--The company sources part of its equipment from the U.S. and sells  
American brand mobile phones.

D) What is the state of labor conditions in the company's facilities  
and are workers unionized?

--Ruralphone has been exemplary regarding labor conditions. The  
company has greatly invested in capacity building, provided jobs for  
youth, and shown a gender conscious approach (70% of their staff are  
women); their employees receive health insurance coverage, and the  
company is in full compliance with Brazilian Labor Legislation  
requirements. The company's employees are not unionized.

E) Are you aware of any litigation pending in local courts involving  
the company?

--Post is not aware of any pending litigation against Ruralphone.  
The company, however, is currently suing a Brazilian trader.

F) Please confirm that the Chief of Mission and others involved in  
the nominating process do not hold shares of stock or have other

financial interests in the company.

--Chief of Mission and others involved in the nominating process do not hold shares of stock nor have other financial interests in the company.

12. (SBU) As the result of an internet search, EmbOffs found reference to a July 30 Verizon announcement of the purchase of an unaffiliated company called "Rural Cellular," which may have been confused with Ruralfone in an earlier unconfirmed report. In an August 8, 2007 telephone conversation, the CEO of Ruralfone's Brazilian subsidiary told EmbOffs that he was unaware of any such acquisition, and believed that Verizon is acquiring an entirely different company as stated above.

Sobel